

# 2011 New Mexico Instructions for Fiduciary Income Tax Instructions Form FID-1

**PLEASE READ THE INSTRUCTIONS CAREFULLY.** They will answer most questions, save time and may save money. File your return as early as possible. If you have additional questions, write to:

New Mexico Taxation and Revenue Department  
**ATTENTION:** Corporate Income and Franchise Tax  
P. O. Box 25127  
Santa Fe, New Mexico 87504-5127  
or visit our website at:  
[www.tax.newmexico.gov](http://www.tax.newmexico.gov)

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## GENERAL INSTRUCTIONS

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### FIDUCIARIES REQUIRED TO FILE A NEW MEXICO RETURN

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Every fiduciary who is required to file a U.S. Fiduciary Income Tax Return (federal Form 1041), except a fiduciary of a grantor trust who is required to file federal Form 1041 under the provisions of federal regulation 1.671-4(a), must file a *New Mexico Fiduciary Income Tax Return* (FID-1) if:

1. The trust is a "resident" of New Mexico, or
2. The estate is of a decedent who was a resident of New Mexico, or
3. The trust or estate has income from:
  - a. transaction of business in, into or from New Mexico, or
  - b. property in New Mexico, or
  - c. compensation in New Mexico.

An **estate** is **DOMICILED IN NEW MEXICO** if the decedent was domiciled in New Mexico. A **trust** is **DOMICILED IN NEW MEXICO** if the trustee is domiciled in New Mexico or if the principal place from which the trust is managed or administered is in New Mexico.

#### Grantor Trusts

Generally, grantor trusts are not required to file Form FID-1. However, if a grantor trust has become irrevocable upon the grantor's death, the grantor trust must file Form FID-1. A grantor trust is a pass-through entity (PTE), and is subject to withholding on the net income of its beneficiaries. See

"Withholding for Non-resident Beneficiaries of a Pass-through Entity" in the following section.

#### Non-resident Trusts

New Mexico's law says every person who has income from New Mexico sources and who is required to file a federal income tax return must file a personal income tax return in New Mexico. This includes non-residents who have income from wages, rents, royalties, businesses, estates... every New Mexico source. Even foreign nationals and persons who reside in states that do not have income taxes must file here when they have a federal filing requirement and have income from any New Mexico source whatsoever.

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#### WITHHOLDING FOR NON-RESIDENT BENEFICIARIES OF A PASS-THROUGH ENTITY

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Beginning January 1, 2011, an estate or trust that distributes income to its beneficiaries is a pass-through entity (PTE) and quarterly withholding from the beneficiaries' net income is required. As a PTE, the trust or estate is required to withhold from the beneficiary's share of the trust or estates net income earned in the quarter at the rate of 4.9%. The withholding is reported on Form RPD-41355, *Quarterly Pass-Through Entity Withholding Tax Return*, due on or before the 25th day of the month following the close of

the calendar quarter in which the net income is earned. The return can be filed and the tax paid online through the Department's web site.

Certain exceptions to the requirement to withhold are allowed, and documentation must be maintained in the PTE's records to establish that the PTE had reasonable cause for not withholding. A complete list of exceptions is provided in the instructions for Form RPD-41355.

APTE also must submit annual returns to the Department, including details of the net income of each beneficiary and the withholding tax paid on that income. The annual form to be filed with the Department, Form RPD-41367, *Annual Withholding of Net Income From a Pass-Through Entity Detail Report*, is due at the time the trust or estate return is due. The Department encourages electronic filing of this annual report. The report is filed separately from the FID-1 return.

A PTE must also provide each beneficiary sufficient information to enable the owner to comply with the provisions of the Income Tax Act and the Corporate Income and Franchise Tax Act, with respect to the owner's share of the net income. A PTE uses Form RPD-41359, *Annual Statement of Pass-Through Entity Withholding*, to report to the beneficiaries. The information must be provided to the beneficiaries on or before February

15th of the year following the year for which the statement is made.

### Fiscal-year Filers

If you are a fiscal-year taxpayer, indicate the fiscal year beginning and ending period at the top of your Form FID-1. You must use the form for the tax year in which your fiscal year begins.

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### ATTACHMENTS TO FID-1

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**NOTE:** You must complete and submit all required forms and schedules, including attachments as indicated in the instructions. Incomplete returns will delay processing and may cause the form to be returned to you without processing.

1. Attach federal tax return Form 1041, pages 1 and 2.
2. If income is received from sources both within and outside New Mexico, complete and attach Form FID-B Schedules 1 and 2.
3. If one or more tax credits are claimed on line 11, Form FID-1, attach Schedule FID-CR. Ensure that the required documentation is attached.
4. If an approved renewable energy production tax credit is claimed on line 24, Form FID-1, or line 19, Schedule FID-CR, attach Form RPD-41227, *Renewable Energy Production Tax Credit Claim Form*.
5. Attach all annual statements of income and withholding. Attach New Mexico Forms RPD-41359, *Annual Statement of Pass-Through Entity Withholding*, Form RPD-41285, *Annual Statement of Withholding of Oil and Gas Proceeds*, and federal Form(s) W-2, 1099Misc or any other income and withholding statement received.
6. If a credit is claimed for taxes paid to another state, attach a copy of the tax return(s) from the other state(s).
7. If you are an electing small business trust (ESBT) with taxable income used to compute the tax on S portion of the ESBT, included on line 1, Form FID-1, also attach the ESBT calculation schedule from your federal Form 1041.

NOTE: The Department may require any taxpayer to furnish a complete, true and correct copy of the federal fiduciary income tax return, including all attachments and schedules.

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### WHERE TO GET FORMS, INSTRUCTIONS AND ASSISTANCE

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All New Mexico Taxation and Revenue Department forms, instructions and information brochures are available on the Department's Internet home page. Our address is: [www.tax.newmexico.gov](http://www.tax.newmexico.gov). Forms are also available at any New Mexico TRD district office or you may request forms by calling 505-827-2206 (not a toll-free number).

**File Returns on Approved State Forms.** Always submit 2011 Fiduciary Income Tax Returns on official state forms provided by or approved by the Department. Never submit a photocopy of an official state form. This will cause delays in processing your return.

If you do not use the official tax form provided by TRD, any computer-generated form you use must comply with Department specifications. The Department approves companies who follow specifications and format requirements for the printed forms. To ensure the software developer or form vendor has been approved by the Department, see the list of approved software developers on the TRD website. On the Department's web site, click on "Tax Professionals" then select "Software Developers". See "2011 New Mexico Forms Vendor List" or call (505) 827-2481. Acceptance of the software company does not imply endorsement by the Department for the quality of the services provided.

TRD does not review or approve the logic of specific software programs, nor does it confirm the calculations on the forms produced by these programs. The accuracy of the program remains the responsibility of the software developer, distributor or user.

**NOTE:** When downloading a form from the Internet or printing a form from an approved software product, you must

comply with printing and legibility requirements. A poor quality return will delay processing. Hint: If your printer can print a logo clearly then it will print a quality tax form.

For assistance, contact the New Mexico Taxation and Revenue Department in Santa Fe at (505) 827-0825. This is not a toll-free number.

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### DUE DATE OF THE NEW MEXICO RETURN AND TAXES

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For fiduciaries that file on a calendar-year basis, the *New Mexico Fiduciary Income Tax Return*, Form FID-1 is due on or before April 16, 2012 with payment of taxes due.

For fiduciaries that file on a fiscal-year basis, the New Mexico Fiduciary Income Tax Return, Form FID-1 is due on or before the 15th day of the fourth month following the close of the fiscal year with payment of taxes due.

A New Mexico income tax return and tax payment are timely if the United States Post Office postmark on the envelope bears a date on or before the due date. If the due date falls on a Saturday, Sunday, state or national legal holiday, the return is timely if the postmark bears the date of the next business day. Delivery through a private delivery service is considered timely if the date recorded or marked by the private delivery service is on or before the due date.

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### EXTENSION OF TIME TO FILE THE RETURN

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TRD accepts an automatic extension of time granted by the Internal Revenue Service if a copy of the federal extension is attached to Form FID-1 at the time of filing. If applicable, attach a copy of the automatic extension request to your *New Mexico Fiduciary Income Tax Return*, Form FID-1.

If you need an extension of time to file the New Mexico tax return and do not require a federal extension of time to file, Form RPD-41096, *Extension of Time to File*, must be received by TRD

on or before the due date of the return.

**FID-EXT Fiduciary Income Tax Extension Payment Voucher.** If you expect your return to show a balance due and you have obtained either a federal automatic extension or a New Mexico extension, use Form FID-EXT to make an extension payment by mail or delivery. You may also make a payment through the Department's web site. By obtaining an extension of time to file your return, penalty for failure to file and pay is waived through the extension period, provided you file the return and pay the tax shown on the return by the extended due date. However, interest continues to accrue even if the taxpayer obtains the extension. If you expect to owe more tax when you file your 2011 return, make a payment using the Department's web site or using the 2011 FID-EXT payment voucher and avoid the accrual of interest. Mail the payment and voucher to the address for payments and returns, also printed on the voucher. Write "2011 FID-EXT" and the estate or trust's federal employer identification number on the check or money order.

**PAYMENT OF YOUR  
FIDUCIARY INCOME TAX**

Enclose your check or money order (no cash) and Form FID-PV, *Fiduciary Income Tax Payment Voucher*, with your return. Make the check payable to the New Mexico Taxation and Revenue Department. Mail the return, attachments and payment to:

**New Mexico Taxation and Revenue  
Department  
P.O. Box 25127  
Santa Fe, New Mexico 87504-5127**

Write "2011 FID-PV" and the estate or trust's federal employer identification number on your check to avoid a misapplication of funds.

NOTE: When printing a payment voucher from the Internet, the printer setting "Page Scaling" should be set to 'none' to prevent resizing. The payment vouchers are processed through high-speed scanners, so it is important that you do not cut or resize the bottom portion of the payment voucher in any way. If the payment voucher has a scanline, do not write in the area around the scanline. The scanline is located within the bottom 1-1/2 inch of the payment voucher.

A check that is not paid by the financial institution on which it is drawn does not constitute payment. The trust or estate will be assessed a minimum penalty of \$20 in addition to other applicable penalties and interest for late payment.

**INTEREST AND PENALTY**

Interest accrues on income tax that is not paid on or before the due date of your return. *Interest is a charge for the use of money and by law cannot be waived.* Prior to January 1, 2008, interest was calculated at the statutory rate of 15% per year, computed on a daily basis. Beginning January 1, 2008, interest is computed on a daily basis at the rate established for individual income tax purposes by the U.S. Internal Revenue Code (IRC).

The IRC rate changes quarterly. The IRC rate for each quarter is announced by the Internal Revenue Service in the last month of the previous quarter. The annual rate for each quarter of 2011

was between 3% and 4%. The annual and daily interest rates for each quarter will be posted on our web site at [www.tax.newmexico.gov](http://www.tax.newmexico.gov).

Important: You do not need to figure the amount of penalty or interest due on your return. Once your principal tax liability is paid, penalty and interest stops accruing and the Department will bill you for any penalty or interest due.

*Interest accrues even if there is an extension of time to file the return.*

The formula for calculating interest is:

$$\text{Tax due} \times \text{the daily interest rate for the quarter} \times \text{number of days late} = \text{interest due.}$$

Also, if the tax is not paid when due because of negligence or disregard of rules or regulations but without intent to defraud, the fiduciary is liable for a penalty of 2% per month or partial month from the date the return was required to be filed. The penalty cannot exceed 20% of the amount of tax. The penalty does not apply if an extension of time has been approved and if the tax is paid by the extended due date.

**NET OPERATING LOSSES**

Unlike a federal net operating loss carry-forward, a New Mexico net operating loss incurred in tax years after 1990 *cannot be carried back* and may only be carried forward for five years or until the total amount of the loss carry-over has been used, whichever occurs first. You cannot apply a New Mexico net operating loss carry-forward until the following tax year -- provided you have filed a timely return -- or until the

**2011 TAX RATE TABLE**

To be used for determining the amount of tax to be entered on FID-1, page 1, line 5

If the amount on line 4 is...

over	but not over	tax shall be	plus	of excess over
\$ 0	\$ 5,500	\$ 0.00	1.7%	\$ 0
\$ 5,500	\$ 11,000	\$ 93.50	3.2%	\$ 5,500
\$ 11,000	\$ 16,000	\$ 269.50	4.7%	\$ 11,000
\$ 16,000	-----	\$ 504.50	4.9%	\$ 16,000

first tax year that begins after the date you file a return establishing the loss.

**CHANGES IN FEDERAL OR NEW MEXICO TAXABLE INCOME DUE TO AN IRS AUDIT OR AN AMENDED RETURN**

If the IRS changes the trust or estate's taxable income for any tax year, an amended *New Mexico Fiduciary Income Tax Return* and a copy of the Revenue Agent's Report must be filed with the New Mexico Taxation and Revenue Department within 90 days of the date the federal adjustment becomes final.

If the fiduciary files an amended New Mexico return because of an amended federal return, the fiduciary must attach a copy of the federal amended return. If an amended return is filed because of a change in New Mexico taxable income, a statement giving the reason for

amending the return must be attached.

To file an amended *New Mexico Fiduciary Income Tax Return*, use the form for the year being amended. Check the "amended" box at the top of the form. Payment for any additional amount of tax due should be attached.

**YOUR RIGHTS UNDER THE TAX LAW**

The Tax Administration Act governs how the Income Tax Act is administered by the TRD and gives you specific rights and responsibilities. Enacted in 2003, the Taxpayer Bill of Rights adds provisions to the Tax Administration Act on confidentiality, hearings, recovery of costs by a taxpayer who prevails in litigation against the Department, timeliness of the Department's audit completion and approval of credits, and administrative hearings. The Bill of Rights also requires that all taxpay-

ers receive a copy of their rights in each Fiduciary Income Tax Packet. See page 17.

The best ways to avoid tax problems are to keep accurate tax records and to keep abreast of changes in the tax law. These instructions and other Department publications contain information that can help you do both.

While most tax problems can be resolved informally, it is important to understand that certain rights provided to you under law must be exercised within specific time frames. If an adjustment is made to your return, a notice will be sent to you explaining the adjustment with a description of procedures you may use if you disagree with the Department's adjustment.

At any time after filing your return, the return may be subject to further review, verification or correction. If your tax return is adjusted or an assessment of

**Retain this worksheet for your records**

**WORKSHEET FOR COMPUTING TAX ON LUMP-SUM DISTRIBUTIONS**

- 1. New Mexico taxable income from line 4 of the Form FID-1 ..... 1. \_\_\_\_\_
- 2. Amount of lump-sum income reported for purposes of 10-year tax option or capital gains election on federal Form 4972. .... 2. \_\_\_\_\_
- 3. **Multiply** line 2 by .20 and enter the total ..... 3. \_\_\_\_\_
- 4. **Add** lines 1 and 3..... 4. \_\_\_\_\_
- 5. Enter the tax from the tax rate tables for the amount on line 4 of this worksheet. .... 5. \_\_\_\_\_
- 6. Enter the tax from the tax rate tables for the amount on line 1 of this worksheet..... 6. \_\_\_\_\_
- 7. **Subtract** line 6 from line 5 and enter the difference ..... 7. \_\_\_\_\_
- 8. **Multiply** the amount on line 7 by 5. (This is the additional averaged tax due on the lump-sum income.) ..... 8. \_\_\_\_\_
- 9. If a New Mexico percentage is computed on line 16, Form FID-B, multiply that percentage by the amount on line 8 of this worksheet and enter here. If line 16, FID-B is zero or no New Mexico percentage is computed, enter the amount from line 8 on this worksheet. Also enter this amount on line 8, Form FID-1. .... 9. \_\_\_\_\_

Attach federal Form 4972 to the Form FID-1.

additional tax is issued, you will receive a copy of publication FYI-400, *Tax Audits and Protest Procedures - Your Rights as a Taxpayer*, describing in detail how to dispute a Department action through either the claim for refund procedure or the protest procedure. Read these procedures carefully to ensure you take the necessary steps to protect your rights.

Publication FYI-400 is available on the Department's Internet home page at [www.tax.newmexico.gov](http://www.tax.newmexico.gov). Click on "Forms and Publications" and follow the links to FYI publications. You may also obtain a copy by contacting the Tax Information and Policy Office at [policy.office@state.nm.us](mailto:policy.office@state.nm.us).

**FID-1, PAGE 1 LINE INSTRUCTIONS**

- **Type or print the name of the estate or trust, the name and title of the fiduciary and the address of the fiduciary in the spaces provided.**
- **Enter the federal employer identification number of the estate or trust. Returns will not be pro-**

**cessed without this number.**

- **Check the appropriate reporting period - calendar year or fiscal year. If the return is based on a fiscal year, enter the beginning and ending dates.**
- **Check the appropriate boxes for the type of return.**
- **Answer questions A through D.**
- **Check the box if a New Mexico resident trust or estate.**
- **Round all dollar amounts to the nearest whole dollar.**
- **Computerized schedules will not be accepted in lieu of completing the appropriate line items on FID-1, page 2, FID-B, Schedule 1 and 2 or FID-CR.**

**Question D.** Mark this box only if you have elected to use an alternative method of computing estimated tax due. If you do not elect to use an alternative method, do not mark this box and the Department will compute your liability, if any, using the standard method. See the instructions for Form FID-ES for a description of the standard and alternative estimated tax calculation

methods. To elect to use an *alternative method* of calculating estimated tax, you must enter 1, 2, 3, 4 or 5 in the checkbox to indicate the method used and attach Form RPD-41272, Calculation of Estimated Personal Income Tax Underpayment Penalty, to Form FID-1. Enter 1 if you wish to compute estimated payments based on the actual dates on which all amounts of withholding tax were withheld for the applicable tax year. If you have annualized income and are required to file estimated payments beginning with the 2nd, 3rd or 4th quarter estimated installment due date, enter 2, 3 or 4, respectively. If you qualify for special rules because you have farm or ranch income, enter 5. See the instructions for FID-ES on page 15 of these instructions for an explanation of the special rules.

**Line 1. Federal taxable income of the estate or trust.** Enter the federal taxable income of the estate or trust from federal Form 1041. For electing small business trusts (ESBT), federal taxable income also must include the federal taxable income used to compute the tax on the S portion of an ESBT, included on line 7 of federal Form 1041, Schedule G. Enter the federal

**WORKSHEET FOR COMPUTATION OF ALLOWABLE CREDIT FOR TAXES PAID TO OTHER STATES BY NEW MEXICO RESIDENT ESTATE OR TRUST**

**NOTE:** Complete a separate worksheet for each state that imposed tax on income taxed in New Mexico.

Name of state: \_\_\_\_\_

- |   |          |
|---|----------|
| 1. Enter amount of tax paid to the other state. ....  | 1. _____ |
| 2. Enter total gross income (see note) on which the tax on line 1 was figured. (When the other state applies an allocation and apportionment percentage, enter the other state's taxable income multiplied by the other state's percentage of income.)..... | 2. _____ |
| 3. <b>DIVIDE</b> line 1 by line 2. (This is the average effective tax rate on total other state income.) Round to four decimal places - e.g. 0.0463. ....   | 3. _____ |
| 4. Enter the smaller of line 3 or 0.0550. (5-1/2% maximum).....   | 4. _____ |
| 5. Enter that portion of income that is subject to tax in both New Mexico and the other state. If this amount is more than line 2, enter the amount from line 2. ....   | 5. _____ |
| 6. <b>MULTIPLY</b> line 5 by line 4.....  | 6. _____ |
| 7. Enter the lesser of line 6 and line 1. This is the credit allowed for tax paid to the other state. ....  | 7. _____ |

Enter the amount from line 7 of this worksheet (or the sum of line 7 amounts from worksheets completed for each state) on line 10 of 2011 Form FID-1.

taxable income on the S portion of an electing small business trust (ESBT) in the space provided to the right of line 1, preceded by "Sec. 641(c) federal taxable income". Include the amount in the federal taxable income of the fiduciary reported on line 1. Attach the ESBT calculation schedule from your federal Form 1041.

The S portion of an ESBT is the portion of the trust that consists of stock in one or more S corporations and is not treated as a grantor trust. For federal tax purposes, the tax on the S portion is figured separately from the tax on the remainder of the ESBT. For New Mexico state tax purposes, the tax on the S portion income is calculated in the same manner as all other federal taxable income of the fiduciary.

**Line 2. Additions to federal income.** Enter additions to federal taxable income from FID-1, page 2, line 3 (federal net operating loss and non-New Mexico municipal bond interest).

**Line 3. Deductions from federal income.** Enter deductions from federal taxable income from FID-1, page 2, line 7 (New Mexico net operating loss, interest income from U.S. government obligations, and net capital gain deduction).

**Line 5. Tax.** Using the tax rate table on the bottom of page 3, calculate and enter the tax on the income reported on line 4. Enter the tax computed on line 5.

**Line 6. New Mexico percentage.** An estate or trust which has income from both within and outside New Mexico should complete and file Form FID-B, Schedules 1 and 2. Enter the New Mexico percentage from line 16 of Form FID-B Schedule 1.

**Line 7. New Mexico income tax.** Multiply line 5 by the percentage on line 6. If FID-B is not required, enter the amount from line 5.

**Line 8. Tax on lump-sum distributions.** If the estate or trust is a resident New Mexico estate or trust which received a lump-sum distribution and used the federal special 10-year averaging tax option on federal Form 4972, it must complete the worksheet on page 4 of the instructions to compute the New Mexico averaged additional tax.

**Line 10. Credit for taxes paid to another state(s).** A resident New Mexico trust or estate that is liable for income tax to another state on income also taxable in New Mexico and included in taxable income on line 4 may take a credit on line 10 against its New Mexico tax liability for an amount of

tax imposed by the other state on the portion of income also included in New Mexico taxable income. If the specific item is not subject to taxation in both states, no credit is available. This credit may not exceed the New Mexico tax liability on line 9; it also may not exceed five and one-half percent (5-1/2%) of the income taxable in the other state. Also, the amount of the credit may not exceed the amount of tax paid to the other state. Attach a copy of the completed income tax return(s) from the other state(s). Calculate the credit on the worksheet on page 5.

"State" includes the District of Columbia, the Commonwealth of Puerto Rico, any territory or possession of the United States, and states and provinces of foreign countries. Do not include in the calculation of the credit those income taxes paid to any municipality, county or other political subdivision of a state or to any central government of a foreign country. "State" does not include central governments.

**Line 11. Total credits applied against New Mexico tax liability due (from Schedule FID-CR):** If any of the credits listed in the section, "Available Credits", beginning on page 13 are claimed, complete Schedule FID-CR and attach the applicable form(s), statements or other required back-up. Enter the sum of tax

<b>NET OPERATING LOSS WORKSHEET</b>	
<b>CARRY FORWARD COMPUTATION &amp; ADJUSTMENT</b>	
Net operating losses available for carry forward <i>(do not include capital losses)</i>	
1. Enter the amount of NOL carry forward claimed on the 2011 federal return for years 2003 through 2009. ....	1. _____
2. Enter the amount of any 2011 federal NOL. ....	2. _____
3. ADD lines 1 and 2. ....	3. _____
4. Enter the total of New Mexico base income, U.S. government obligations & non-New Mexico municipal bonds for 2003 through 2009. ....	4. _____
5. Subtract line 4 from line 3. <i>This is the available net operating loss carry forward. (Enter this amount, but not less than zero, as a deduction for New Mexico taxable income on FID-1, page 2)</i>	5. _____
6. Enter the total of New Mexico base income, U.S. government obligations & non-New Mexico municipal bonds for 2011. ....	6. _____
7. <b>SUBTRACT</b> line 6 from line 5. This is the amount of carry forward available for 2012. You must utilize the NOL carry forward amounts in order of oldest tax year	7. _____

credits claimed on line 20, Schedule FID-CR. The supporting documentation required to claim any of the tax credits is also described in the section *Available Credits*, and must accompany the return or the credit will not be allowed.

To calculate the amount that may be claimed for any tax year, refer to the claim form and supporting instructions for the tax credit. The sum of the tax credits claimed on Schedule FID-CR, may not exceed the total New Mexico tax reported on line 9, Form FID-1 less the credit for taxes paid to another state claimed on line 10, Form FID-1.

For more information on business-related credits, see publication FYI-106, *Claiming Tax Credits for CRS Taxes & Business-Related Income*, download related forms from the TRD website at [www.tax.newmexico.gov](http://www.tax.newmexico.gov), or call (505) 476-3683 or your local district office.

**Line 12. Net New Mexico income tax.** Add lines 10 and 11, then subtract the total from line 9. Net New Mexico income tax cannot be less than zero.

**Line 13. Payments.** Enter the total amount of 2011 estimated tax payments and other payments made for 2011. These payments are submitted to the Department with Forms FID-ES FID-EXT or FID-PV.

**Line 14. New Mexico income tax withheld.** Enter the total of all New Mexico income tax withheld as shown on your annual withholding statements Form(s) W-2, 1099, 1099Misc other than income from oil and gas proceeds. Include a copy of the forms with your FID-1 return.

**Line 15. New Mexico income tax withheld from oil and gas proceeds.** Enter the total of all New Mexico income tax withheld from oil and gas proceeds received as shown on your annual withholding statements, 1099Misc, or Form RPD-41285, *Annual Statement of Withholding of Oil and Gas Proceeds*. Be sure to include a copy of the forms with your FID-1 return.

An entity, including a grantor trust, that has had tax withheld cannot pass a withholding statement directly to any

other taxpayer. Generally, the recipient must file and report the tax withheld on its New Mexico income tax return. However, if the recipient is also a remitter the tax withheld on the oil and gas proceeds may be passed to the remitees by issuing the remitees an annual withholding statement, Form RPD-41285, *Annual Statement of Withholding of Oil and Gas Proceeds*. The remitees may then claim the withholding on their income tax return.

**Line 16. New Mexico income tax withheld from a pass-through entity.** Enter the total of all New Mexico income tax withheld on pass-through entity net income as shown on Form RPD-41359, *Annual Statement of Pass-Through Entity Withholding*. Be sure to include a copy of the forms with your FID-1 return.

An entity, including grantor trusts, that has had tax withheld cannot pass a withholding statement directly to its owners, members, partners or beneficiaries (owners). Generally, the recipient must file and report the tax withheld on its New Mexico income tax return. However, if the recipient is also a pass-through entity, the tax withheld may be passed to the owner of the recipient by issuing the owner an annual withholding statement, Form RPD-41359, *Annual Statement of Pass-Through Entity Withholding*. The owner may then claim the withholding on their income tax return.

**Line 17. Amount from lines 15 and 16 passed to beneficiaries on Form RPD-41367.** Enter the amount of tax withheld from lines 15 and 16, which was subsequently passed on to the beneficiaries of the trust or estate. The Fiduciary reports withholding that is passed to beneficiaries by issuing them Form RPD-41359, *Annual Statement of Pass-Through Entity Withholding*, Form 1099Misc or a pro-forma Form 1099Misc. The owners may then take credit for the withholding on their corporate or personal income tax return.

**Line 18. Total payments and tax withheld.** Subtract line 17 from the sum of lines 13 through 16.

**Line 19. Tax Due.** If line 12 is more than line 18, enter the tax due.

**Line 20. Penalty.** Add penalty if you file late and owe tax, or you do not pay the tax on or before the date the return is due. Calculate penalty by multiplying the unpaid amount on line 19 by 2% then by the number of months or partial months for which the payment is late, not to exceed 20% of the tax due. You may leave this line blank if you wish the Department to compute the penalty for you. The Department will send you a bill for any penalty due.

**Line 21. Interest.** Add interest if the amount of tax due on line 19 was not paid by the original due date, even if an extension of time to file was obtained. You may leave this line blank if you wish the Department to compute the interest for you. The Department will send you a bill for any interest due.

Calculate interest at the daily interest rate for the quarter of the unpaid amount for each day the payment is late. The formula for calculating daily interest is:

**Tax due x the daily interest rate for the quarter x number of days late = interest due.**

Beginning January 1, 2008, interest is computed on a daily basis at the rate established for individual income tax purposes by the U.S. Internal Revenue Code (IRC).

The IRC rate changes quarterly. The IRC rate for each quarter is announced by the Internal Revenue Service in the last month of the previous quarter. The annual and daily interest rate for each quarter will be posted on our web site at [www.tax.newmexico.gov](http://www.tax.newmexico.gov).

*Important: Once your principal tax liability is paid, interest and penalty stops accruing. Therefore, you do not need to figure the amount of interest or penalty due on your return to avoid additional charges.*

**Lines 23 through 23b. Overpayment** If line 18 is more than line 12, you have an overpayment. Enter the difference on line 23. Your overpayment can be:

- applied to your 2012 tax liability (enter on line 23a), or
- refunded to you (enter on line 23b), or
- a combination of these.

**Line 24. Refundable portion of renewable energy production tax credit claimed.** Enter the amount of approved refundable renewable energy production tax credit claimed on Form RPD-41227, *Renewable Energy Production Tax Credit Claim Form*, that you wish to have refunded to you. Any portion of the credit to be applied to the tax due on this return must be entered on Schedule FID-CR. See also Available Credits on page 13 of these instructions.

**Line 25. Total refund of overpaid tax and refundable credit due to you.** Enter the sum of lines 23b and 24. This is your total refund of overpaid tax and refundable credit due to you.

**Line 26. Refundable portion of the film production tax credit claimed.** Enter the amount of approved film production tax credit that you wish to have refunded to you. You must also complete Schedule FID-CR, entering the total amount that you have been approved for, and any portion of the credit to be applied to the tax due on this return. For a list of the credits available, the required back-up documentation and instructions for completing Schedule FID-CR, see "Available Credits" beginning on page 13 of these instructions.

NOTE: The amount of film production tax credit you may claim against your tax due on this return and the amount that you may receive as a refund (based on your claim for the film production tax credit on line 26 of Form FID-1) are subject to certain limitations governing the payment of film production tax credit claims. See the instructions for the film production tax credit claim form for details regarding these limitations and how your claim may be impacted.

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**FID-1, PAGE 2 LINE  
INSTRUCTIONS**

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**ADDITIONS TO FEDERAL INCOME FOR FIDUCIARY: NON-DISTRIBUTED SHARES**

**Line 1. Federal net operating loss.** Enter that portion of the federal net operating loss carry forward which has not been distributed to beneficiaries.

**Line 2. Non-New Mexico municipal bond interest.** You may exclude only federally tax-exempt interest or dividend income from municipal obligations from the State of New Mexico, its agencies, institutions, instrumentalities or political subdivisions, or income from the obligations of the Commonwealth of Puerto Rico, Guam, Virgin Islands, American Samoa or Northern Mariana Islands. Enter that portion of municipal bond income from sources other than those listed above which has not been distributed to beneficiaries.

**DEDUCTIONS FROM FEDERAL INCOME FOR FIDUCIARY: NON-DISTRIBUTED SHARES**

**Line 4. New Mexico net operating loss.** Enter the New Mexico net operating loss from line 5 of the worksheet on page 6.

**Line 5. Interest income from U.S. government obligations.** Interest on obligations of the United States may be deducted only if the interest was included in federal taxable income reported on FID-1, page 1, line 1.

**Line 6. Net Capital Gain Deduction.** A taxpayer may deduct up to \$1,000 of the net capital gains reported and claimed on federal Form 1041 or 50% of the net capital gains, whichever amount is greater.

**DISTRIBUTION SCHEDULE:**

Enter the total distributions of income to beneficiaries during the tax year.

The schedule of beneficiaries receiving distributions of income during the tax year **MUST** be completed or the return will not be accepted for processing. List the name, address, social security number or federal employer identification number and distributive share for each beneficiary receiving a distribution of income from the estate or trust

during the tax year.

**NOTE:** The fiduciary should furnish each beneficiary with a statement detailing the amount of income allocable or apportionable to New Mexico for each type of income shown on the federal Schedule K-1. In addition, this statement should show the amount of each beneficiary's share of interest from obligations of the United States government and federally tax-exempt interest distributed from the estate or trust and the portion of such items allocable to New Mexico.

**If the estate or trust does not have income from activities both within and outside New Mexico, skip the instructions for Form FID-B and continue with the instructions for "FILING CHECKLIST" on page 14. Otherwise, continue with the instructions for Form FID-B on page 9.**

**Refund Express**

If you request an amount to be refunded to you on line 25, you may wish to have your tax refund deposited directly into your bank account through Refund Express. To choose Refund Express, complete the "Refund Express" portion on page 2 of Form FID-1. All fields are required. Complete the bank routing number and the account number. You *must* indicate the type of account and you must answer "No" to question 4. Failure to complete all fields correctly will cause your Refund Express request to be denied, and the Department will mail you a paper check. The Department will mail you a paper check if your bank does not accept your Refund Express information.

See the instructions for the film production tax credit claim form for information regarding choosing refund express for the refundable portion of the film production tax credit on line 26.

Refund Express is available for deposits to the taxpayer's account *only*. **Taxpayers may not request the funds to be deposited into the account of another payee.** TRD is not responsible for the misapplication of a direct deposit refund that is caused by the error, negligence or malfeasance

on the part of the taxpayer.

### Important Changes Affecting Refund Express - Direct Deposit

A direct deposit of your refund, "Refund Express", may not be made to a bank account located at a financial institution outside the territorial jurisdiction of the United States. In order to comply with new federal banking rules, anyone wishing to have their refund directly deposited into their account must answer an additional question when completing the Refund Express portion of their return. If you do not answer the question, your refund will be mailed to you in the form of a paper check. If you answer the question incorrectly, your refund may be delayed, rejected or frozen by the National Automated Clearing House Association (NACHA) or the Office of Foreign Assets Control (OFAC). The question will ask whether the refund will go to or through an account located outside the United States. The question also warns you that if the answer is "yes", you should not choose the Refund Express method of delivering your refund. Your options are to use a different bank account or to leave the Refund Express portion of your return blank and a paper check will be mailed to the address on the return.

A financial institution is located within the territorial jurisdiction of the United States if it is:

- located within the United States;
- located on a United States military base; or
- located in American Samoa, Guam, the Northern Mariana Islands, Puerto Rico or the U.S. Virgin Islands.

REMINDER: The Department will mail you a paper check if your bank does not accept your Refund Express information.

### Why Use Refund Express?

- Avoid delays that may occur in mailing a check. Refund Express does not guarantee that you will receive your refund check earlier, however — only that when the check is issued, it will reach the bank more quickly.
- Payment is more secure. There is no check to get lost.

- More convenient. No trip to the bank to deposit your check.
- Saves tax dollars. A refund by direct deposit costs less than a check.

### What is the Routing Number?

The routing number is for bank identification and **must be nine digits**. If the first two digits are not 01 through 12 or 21 through 32, the system will reject the direct deposit and you will receive a check. On the sample check below, the routing number is 211500151.

Your check may state that it is payable through a bank different from the financial institution where you have your checking account. If so, do not use the routing number on that check. Instead, contact your financial institution for the correct routing number to enter on this line.

### Entering Your Account Number

Your account number can be up to 17 characters. Include hyphens, but omit spaces and special symbols. Enter the number from left to right. Leave unused boxes blank. On the sample check below, the account number is 2015551517. **Do not** include the check number.

You *must* indicate whether the account is a checking or a savings account by entering an "X" in the appropriate box.

**Caution:** Verify that the information you enter is correct and that your financial institution will accept a direct deposit made payable to the name on the FID-1 return. **NOTE:** TRD is not responsible if a financial institution

refuses a direct deposit.

**SIGNATURE.** The return must be signed and dated by a fiduciary or officer representing the fiduciary. Complete all information, including a phone number and e-mail address.

Any person, other than an employee of the fiduciary, preparing the return for compensation must also sign and date the return. A preparer other than an employee of the entity must enter the paid preparer's identifying information in the section, "*Paid preparer's use only*", next to the taxpayer's signature. Enter the preparer's New Mexico CRS identification number, if the preparer has one, and the Federal Employer Identification Number (FEIN), if applicable. All paid preparers must enter the preparer's social security number (SSN) or Preparer's Taxpayer Identification Number (PTIN).

An improperly signed or unsigned return will be considered invalid for filing purposes, and penalty and interest may be assessed.

## FID-B GENERAL INSTRUCTIONS COMPUTATION OF NEW MEXICO PERCENTAGE AND BUSINESS INCOME APPORTIONMENT FORMULA

FID-B should be used by fiduciaries who are filing returns for trusts or estates having income from activities both within and outside New Mexico.

For purposes of these instructions, an **estate** is **DOMICILED IN NEW MEXICO** if the decedent was domiciled

The image shows a sample check form with the following details:

- NAME OF ESTATE OR TRUST:** 123 Main Street, Anyplace, NM 87000
- Routing Number:** 211500151
- Account Number:** 2015551517
- Check Number:** 1540
- Pay to the order of:** \$ [ ] DOLLARS
- Bank:** ANYPLACE BANK, Anyplace, NM 87000
- For:** A 211500151 A 2015551517 C 1540
- Additional info:** 1540, 15-000000000, Do not include the check number

in New Mexico. A trust is **DOMICILED IN NEW MEXICO** if the trustee is domiciled in New Mexico or if the principal place from which the trust is managed or administered is in New Mexico.

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**FID-B SCHEDULE 1 GENERAL INSTRUCTIONS FOR COLUMNS 1-4, LINES 1-7**

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**Column 1, Gross:** Amounts entered in this column are the same as those from federal Form 1041, except for line 2 and line 6, which include amounts reported on lines 2 and 3 of FID-1.

**Column 2, Less Related Expenses/Distributions:** Amounts entered in this column include deductions and exclusions from federal Form 1041 that apply to the specific types of income reported in column 1 on lines 1-7. Subtract these deductions from the type of income (lines 1-7) to which they apply. Related expenses in column 2 must include distributions to beneficiaries. If the deduction cannot be applied to a specific type of income, enter it on line 12, Other deductions.

**EXAMPLES:**

- Taxes on rental property are deducted from rents and royalties, line 4.
- State income taxes, fiduciary fees, attorney fees and accountant fees are included as other deductions, line 11.
- Charitable deductions arising from a specific type of income such as capital gains are subtracted from profit or loss from the sale or exchange of assets, line 5. If it is a charitable deduction arising from general income, it is subtracted on line 11.
- Income distribution deductions should be subtracted from either dividends, interest or profit or loss from the sale or exchange of assets (capital gains) according to the allocations on federal Form 1041, Schedule K-1. Other taxable income distributions on Schedule K-1 are included in the deductions on line 11. Amounts for depreciation and depletion from Schedule K-1 are subtracted from the type of income to which they apply, lines 3-7.

- Dividend and interest exclusions are subtracted from gross dividends, line 1, and gross interest, line 2.

**Column 3, Net:** The net amounts in this column equal column 1 less column 2.

**Column 4, Allocation to New Mexico:** Use this column to allocate net income to New Mexico according to the following line instructions.

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**FORM FID-B SCHEDULE 1 LINE INSTRUCTIONS**

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**NOTE:** If you have a net operating loss or net operating loss carry-forward, attach a separate statement identifying the name and operating location of the business or property creating the loss, and a complete copy of your federal tax return.

**Lines 1 and 2. Dividends and Interest.** Dividend and interest income is allocated in column 4 to New Mexico if the estate or trust is domiciled in New Mexico.

**Line 3. Income From Other Fiduciaries, S Corporations, Partnerships and Limited Liability Entities:** An estate or trust receiving income from another estate, trust, or other pass-through entity that allocated and apportioned its New Mexico income must obtain copies of all allocation and apportionment schedules. The income from these sources must be allocated and apportioned in the same way each estate, trust, or other pass-through entity allocated and apportioned its income. Enter the amount of income allocated or apportioned in column 4.

**Example:** X, a New Mexico trust, reports \$4,000 of net income as its distributed share from a partnership. Since the partnership allocated and apportioned 50% of its taxable income to New Mexico, the fiduciary will allocate 50% of the \$4,000 amount, or \$2,000, to New Mexico in column 4.

**Line 4. Rents and Royalties.** Allocate to New Mexico in column 4 the following rent and royalty income:

- income from real property in New Mexico,

- income from tangible personal property located or used in New Mexico, or
- income from intangibles used in New Mexico.

Trusts or estates that are domiciled in New Mexico and receive income from real property, tangible personal property or intangibles located or used in New Mexico (including rents and royalties from oil and gas interests) must allocate that income to New Mexico in column 4. Intangibles are copyrights, patents, franchises, trademarks and licenses.

In addition to the above, trusts or estates domiciled in New Mexico must allocate income from intangible and tangible personal property used in another state if the trust or estate is not subject to tax in the other state.

A patent is used in New Mexico to the extent it is employed in production, fabrication, manufacturing or other processing in New Mexico or when a patented product is produced in New Mexico.

A copyright is used in New Mexico when the printing or other production is accomplished in New Mexico.

If the fiduciary's records do not reflect the extent to which tangible personal property is used within New Mexico, use the following calculation:

Compute the percentage of time the property was located in New Mexico during the tax year by dividing the number of days the property was physically located in New Mexico during the rental or royalty period by the total number of days the property was physically located everywhere during the rental or royalty period.

Multiply the net rents or royalties received for the taxable year by the percentage calculated above. The result is the amount of rental or royalty income allocable to New Mexico.

If the physical location of the tangible personal property during the rental or royalty period is unknown or unascertainable, enter the amount of rental or royalty income from property delivered

to a lessee in New Mexico.

**Line 5. Profit or Loss From the Sale or Exchange of Assets.** Allocate to New Mexico in column 4 profits or losses from the sale or exchange of:

- real property in New Mexico,
- tangible personal property located in New Mexico at the time it was sold,
- tangible personal property if the estate or trust is domiciled in New Mexico and the gain was not taxable in the state where the tangible personal property was located,
- intangible personal property if the estate or trust is domiciled in New Mexico.

**Line 6. Net Business and Farm Income.** An estate or trust reporting business and farm income earned solely within New Mexico enters in column 4 the entire amount of net income from column 3. If the business and farm income is from activities within and outside New Mexico, **complete lines 1-5 on FID-B Schedule 2 to determine the percentage of income apportionable to New Mexico.**

Calculate the business and farm income apportioned to New Mexico by multiplying the amount of net business and farm income in column 3, line 6, by the average percent from line 5 of FID-B, Schedule 2.

**Separate Accounting Method for Business Income.** The separate accounting method may *not* be used by any business. Businesses beginning before January 1, 1991 who elected the separate accounting method were required to elect another method for taxable years beginning on or after January 1, 1995.

**Line 7 - Other Income.** All income from sources other than those already described is allocated to New Mexico in column 4 if the estate or trust is domiciled in New Mexico. Attach a schedule of other income.

If the estate or trust is not domiciled in New Mexico, other income is allocated to New Mexico when it is from transacting business in, into or from New Mexico or when income is received from prop-

erty in New Mexico or as compensation for services in New Mexico.

**Line 8a. Calculate Allocation Percentage for Deduction.** Divide line 8 column 4 by line 8 column 3. To complete column 4 for lines 9-11, multiply the amounts in column 3, lines 9, 10 and 11 by the resulting fraction to determine the portion of each deduction applicable to New Mexico income.

**Line 9. Deduction for Exemption.** Enter on line 9, column 3 the exemption amount from federal Form 1041. To complete column 4, multiply line 8a by line 9, column 3.

**Line 10. Deduction for Distributions.** Enter on line 10, column 3 any deductions for distributions which were not entered on lines 1 through 7 above. To complete column 4, multiply line 8a by line 10, column 3.

**Line 11 - Other Deductions.** Enter on line 11, column 3 any deductions claimed on the federal Form 1041 which were not entered in column 2 of lines 1 through 7 above. (Refer to the Form FID-B general instructions on page 9, for column 2 instructions.) Attach a schedule of other deductions. To complete column 4, multiply line 8a by line 11, column 3.

**Line 13. Taxable Income of the Estate or Trust.** Subtract line 12 from line 8 to arrive at the estate's or trust's taxable income. The amount in column 3 should equal the sum of the taxable income of the fiduciary reported on federal Form 1041 plus the additions to federal income for fiduciary, from FID-1, page 2, line 3.

**Line 14. Lump-Sum Distributions.** Enter in column 1, the ordinary income reported on federal Form 4872, Tax on Lump-Sum Distributions. Enter the federal taxable portion of any lump-sum distribution from federal Form 4972 you earned the right to receive while a New Mexico resident, in column 2.

**Line 16. New Mexico Percentage.** Divide line 15, column 4 by line 15, column 3. This is the New Mexico percentage of net income. Enter here and on line 6 of FID-1. The percentage cannot be

less than zero. If you are allocating or apportioning losses out of New Mexico, the percentage may not exceed 100%.

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## FORM FID-B SCHEDULE 2 LINE INSTRUCTIONS

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**NOTE: Each time the term "everywhere" is used, it means everywhere within the United States.**

**Lines 1 through 5 - Determination of Apportionment Factors.** The amount of business and farm income apportioned to New Mexico is determined by multiplying the net amount shown on line 6, column 3 of FID-B Schedule 1, by the following fraction if all factors are present:

$$\begin{array}{l} \text{Divide: } \frac{\text{The property factor} + \text{payroll factor} + \text{sales factor}}{\text{factor}} \\ \text{By: } 3^* \end{array}$$

Calculate each percentage to two decimal places (example: 22.46%).

\*If the allocation and apportionment provisions of the Uniform Division of Income for Tax Purposes Act do not fairly represent the extent of the taxpayer's business activity in this state, the taxpayer may without prior approval or the Department may require - if reasonable - the exclusion of any one or more of the factors (property, payroll or sales). This would include removal of one or more of the factors whose factor is insignificant. A factor is insignificant if the denominator (column 1) is from between 0% and 3% of net income. Use the number of significant factors included to compute the average.

For tax years beginning on or after January 1, 1995 and before January 1, 2011, qualified manufacturers may elect a different apportionment method where the sales factor is multiplied by 2 and added to the property and payroll factors, and the sum is divided by 4. The election must be made in writing no later than the filing date of the first return to which the election will apply. Generally, the election cannot be terminated until the taxpayer has used the method for at least three tax years covering at least 36 calendar months. Qualifications to use this method of

apportionment are in Section 7-4-10(B) NMSA 1978.

Qualified manufacturers should make the following adjustments when completing FID-B Schedule 2:

- line 3, *sales factor*. Divide column 2 by column 1 and multiply the result by 2.
- line 5, *average percent*. Divide the total percent on line 4 by 4.

Procedures to determine each of the three factors are:

### PROPERTY FACTOR

This factor is a percentage determined as follows:

**Divide:** The average value of the real and tangible personal property owned or rented and used in New Mexico for the production of business or farm income during the tax period

**By:** The average value of all real and tangible personal property owned or rented everywhere and used everywhere for the production of business or farm income during the tax period.

**Property shall be valued according to the following rules:**

- Property owned during the tax period is valued at its original cost.
- Property rented from others and used for business or farm purposes is valued at eight (8) times the net annual rental rate. The net annual rate is the annual rent paid less any annual rent received from subleases of the same property.
- The average value of property is determined by adding the total value of property held by the taxpayer at the beginning of the tax period to the total value of property held at the end of the tax period and dividing by two.
- A fiduciary may be required to compute an average value on a monthly basis if the Department determines that a monthly average is necessary to correctly reflect the average value of the property.

### PAYROLL FACTOR

This factor is a percentage determined as follows:

**Divide:** The total amount paid as compensation to employees in New Mexico during the tax period

**By:** The total amount paid as compensation to employees everywhere during the tax period.

Compensation was paid in New Mexico if any one of these conditions is present:

- the employee's service was performed entirely inside New Mexico, **or**
- the employee's service was performed both inside and outside New Mexico, but the service performed outside New Mexico was incidental to the service performed inside New Mexico, **or**
- some of the employee's service was performed in New Mexico, **and**
- New Mexico was the base of operations or the place from which the service was directed or controlled, **or**
- the employee who received payment for performing the service was a resident of New Mexico during the taxable period, whether or **not** the service was performed within a state other than New Mexico which was the base of operations or the state from which the service was directed or controlled.

### SALES FACTOR

This factor is a percentage determined as follows:

**Divide:** The total sales in New Mexico during the tax period (excluding non-business income)

**By:** The total sales everywhere during the tax period (excluding non-business income).

**“Sales” means all gross receipts from transactions and activity in the regular course of business.**

Tangible personal property is sold in New Mexico when any of the following applies:

- the property was delivered or shipped to a purchaser other than the U.S. government within New Mexico (regardless of the FOB point or other conditions of the sale), **or**

- the property was shipped from an office, store, warehouse, factory or other place of storage within New Mexico, **and**
- the purchaser was the U.S. government, **or**
- the business was not subject to income tax in the state where the property was sold, **or**
- sales other than sales of tangible personal property are made in New Mexico if:
- the income-producing activity was performed in New Mexico, **or**
- the income-producing activity was performed both inside and outside New Mexico, but a greater proportion was performed inside New Mexico than in any other single state. (The proportion shall be determined by the cost of performance in each state.), **or**
- the gross receipts were from the rental, lease, licensing or any other use of either real or tangible personal property during the time the property was in New Mexico, **or**
- the gross receipts were from the performance of personal services in New Mexico.

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### PETITION PROCEDURE OPEN TO TAXPAYER

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If the allocation and apportionment provisions of the Uniform Division of Income for Tax Purposes Act do not fairly represent the extent of the taxpayer's business activity in this state, the taxpayer may without prior approval or the department may require - if reasonable - the exclusion of any one or more of the factors (property, payroll or sales). This would include removal of one or more of the factors whose factor is insignificant. A factor is insignificant if the denominator (column 1) is from between 0% and 3% of net income. Use the number of significant factors included to compute the average. If you include an insignificant factor, attach an explanation.

**IMPORTANT: File Returns on Approved State Forms.** Always submit 2011 Fiduciary Income Tax Returns on official state forms provided by or approved by the Department. Never

submit a photocopy of an official state form. This will cause delays in processing your return.

#### **WHERE TO FILE.**

Mail the completed FID-1 form, attachments and payment (if any) to:

**New Mexico Taxation and Revenue  
Department  
P.O. Box 25127  
Santa Fe, NM 87504-5127**

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#### **AVAILABLE CREDITS**

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**For a complete description of the credits, see FYI-106, *Claiming Tax Credits for CRS Taxes and Business Related Income*.** With the exception of the Electronic Card-Reading Equipment Tax Credit, all credits require pre-approval.

**Cultural Property Preservation Tax Credit.** Complete Form PIT-4, *New Mexico Preservation of Cultural Properties Credit*, and attach it to your Form FID-1 along with a copy of the Part 2 approval from the New Mexico Cultural Properties Review Committee and the approval from the New Mexico Arts and Cultural Districts Coordinator, if applicable. Enter the amount claimed on line 1 of Schedule FID-CR.

**Business Facility Rehabilitation Tax Credit.** Attach a completed Form PIT-5, *Qualified Business Facility Rehabilitation*, Schedule FID-CR, and the certificate of completion issued by the New Mexico Enterprise Zone Program Officer, to your Form FID-1. Enter on line 2 of Schedule FID-CR the amount claimed.

**Rural Job Tax Credit.** Complete Form RPD-41243, *Rural Job Tax Credit Claim Form*, and submit it with your Form FID-1 along with Schedule FID-CR. Enter on line 3 of Schedule FID-CR the amount claimed.

**Technology Jobs (Additional) Tax Credit.** To claim an approved technology (additional) jobs tax credit, complete Form RPD-41244, *Technology Jobs Tax Credit Claim Form*, and submit it with your Form FID-1 and Schedule FID-CR. Enter on line 4 of Schedule

FID-CR the amount claimed.

**Credit for Electronic Card-Reading Equipment** requires certification by the taxpayer. Complete Form RPD-41246, *Income Tax Credit for Electronic Card Reader Statement*. Enter on line 5 of Schedule FID-CR the amount claimed.

**Job Mentorship Tax Credit** requires Form RPD-41281, Job Mentorship Tax Credit Claim Form, and a Form RPD-41280, *Job Mentorship Tax Credit Certificate*, for each qualified student the taxpayer employed during the tax year. Enter on line 6 of Schedule FID-CR the amount claimed.

To claim the **Land Conservation Incentives Credit**, attach Form RPD-41282, *Land Conservation Incentives Tax Credit Claim Form*, and the letter received from the Energy, Minerals and Natural Resources Department certifying treatment as a qualified donation. Enter on line 7 of Schedule FID-CR the amount claimed.

The **Affordable Housing Tax Credit** requires Form RPD-41301, *Affordable Housing Tax Credit Claim Form*, and a copy of the voucher issued by the Mortgage Finance Authority. Enter on line 8 of Schedule FID-CR the amount claimed.

The **Solar Market Development Tax Credit** requires Form RPD-41317, *Solar Market Development Tax Credit Claim Form*, and certification from the Energy, Minerals and Natural Resources Department. Enter on line 9 of Schedule FID-CR the amount claimed.

The **Blended Biodiesel Fuel Tax Credit** requires Form RPD-41340, *Blended Biodiesel Fuel Tax Credit Claim Form*. The claimant must also be a registered New Mexico supplier who files Form RPD-41306, *Combined Fuel Tax Report*, reporting qualifying biodiesel fuel receipts. Enter on line 10 of Schedule FID-CR the amount claimed.

The **Sustainable Building Tax Credit** requires Form RPD-41329, *Sustainable Building Tax Credit Claim Form*. Enter on line 11 of Schedule FID-CR the amount claimed.

The **Angel Investment Credit** requires Form RPD-41320, *Angel Investment Credit Claim Form*, and certification from the Economic Development Department. Enter on line 12 of Schedule FID-CR the amount claimed.

The **Rural Health Care Practitioners Tax Credit** requires Form RPD-41326, *Rural Health Care Practitioner Tax Credit Claim Form*, and certification from the Department of Health. Enter on line 13 of Schedule FID-CR the amount claimed.

The **Agricultural Water Conservation Tax Credit** requires Form RPD-41319, *Agricultural Water Conservation Tax Credit Claim Form*, and certification from the Soil & Water Conservation Commission. Enter on line 14 of Schedule FID-CR the amount claimed.

The **Advanced Energy Tax Credit** requires Form RPD-41334, *Advanced Energy Tax Credit Claim Form*. Also attach the approval from the New Mexico Economic Development Department. Enter on line 15 of Schedule FID-CR the amount claimed.

The **Geothermal Ground-Coupled Heat Pump Tax Credit** requires Form RPD-41346, *Geothermal Ground-Coupled Heat Pump Tax Credit Claim Form*, and certification from the Energy, Minerals and Natural Resources Department. Enter on line 16 of Schedule FID-CR the amount claimed.

The **Agricultural Biomass Tax Credit** requires Form RPD-41361, *Agricultural Biomass Income Tax Credit Claim Form*, and certification from the Energy, Minerals and Natural Resources Department. Enter on line 17 of Schedule FID-CR the amount claimed.

The **Film Production Tax Credit applied to tax due.** When it receives approval from EDD, the film production company may claim the credit against tax due on Form FID-1. Complete Schedule FID-CR and attach it to your FID-1 return. Complete lines 18 and 18a on Schedule FID-CR using the following instructions. Also, complete line 26, Form FID-1, if any portion of the credit is to be refunded.

**Line 18, Schedule FID-CR.** Enter the amount of approved film production tax credit that you want to be applied to your tax due on this return. If you are an owner or affiliate of the film production company that was approved for the credit, do not enter more than that portion of approved credit that was distributed to you at the time the film production company received TRD approval for the credit. If you are not sure what your distributed amount is, please contact the film production company. Any additional credit that you would like to be refunded to you should be reported on line 26, of the Form FID-1.

**Line 18a, Schedule FID-CR.** Enter the total amount of film production tax

credit for which you have been approved or that has been distributed to you by a film production company that you own or are affiliated with. Do not reduce the amount reported on line 18a by the amount that you are requesting to have applied to the tax due on line 18 of this schedule.

NOTE: The amount of film production tax credit you may claim against your tax due on this return and the amount that you may receive as a refund (based on your claim for the film production tax credit on line 26 of Form FID-1) are subject to certain limitations governing the payment of film production tax credit claims. See the instructions for the film production tax credit claim form for details regarding

these limitations and how your claim may be impacted.

**Renewable Energy Production Tax Credit (applied to tax due).** Claim the credit by attaching to Form FID-1, Schedule FID-CR, a completed Form RPD-41227, *Renewable Energy Production Tax Credit Claim Form*, the certificate of eligibility issued by EMNRD, the Allocation Notice approved by EMNRD, if applicable, and documentation of the amount of electricity produced by the facility in the tax year. Enter on line 19 of Schedule FID-CR, the amount of Renewable Energy Production Tax Credit that you wish to have applied to the tax due on the return. Any amount to be refunded is reported on line 24, Form FID-1.

## FILING CHECKLIST

Before you mail your return, a quick check will help you avoid common errors that may delay the processing of your return. Complete the following checklist.

- Are name(s) and address complete, correct and legible?
- Is the federal employer identification number legible, accurate and entered where indicated on the form?
- Are all annual statements of income and withholding, Forms W-2, 1099, and other federal income and withholding forms and New Mexico Forms RPD-41285, *Annual Statement of Withholding of Oil and Gas Proceeds*, and RPD-41359, *Annual Statement of Pass-Through Entity Withholding*, attached?
- Is distribution schedule on page 2 of the FID-1 form complete?
- If required, is Form FID-B included?
- Is a copy of federal Form 1041, pages 1 and 2, attached?
- Is the return properly signed and dated?
- Is a contact telephone number and e-mail address included on the bottom of the form?
- Did you submit an original form and make a copy of ALL documents for your records?
- If tax is DUE, did you mail Form FID-PV and check or money order for the full amount to P.O. Box 25127, Santa Fe, NM 87504-5127? Are the federal employer identification number and "2011 FID-PV" written on your check or money order? Make your check or money order payable to New Mexico Taxation and Revenue Department.

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# INSTRUCTIONS FOR FID-ES

## ESTIMATED FIDUCIARY INCOME TAX PAYMENT VOUCHER

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### WHO MUST MAKE ESTIMATED PAYMENTS?

Certain trusts and estates who are required to file a New Mexico fiduciary income tax return under the Income Tax Act are required to pay estimated income tax through either withholding or estimated tax payments. **A penalty is imposed for underpayment or nonpayment of estimated tax.**

**Exception:** Any trust subject to the tax imposed by Section 511 of the Internal Revenue Code or that is a private foundation **IS NOT** required to make estimated payments. With respect to any tax year ending before the date two years after the date of the decedent's death, **NO** estimated payments are required of the estate of the decedent or of any trust all of which was treated under Subpart E of Part I of Subchapter J of Chapter 1 of the Internal Revenue Code as owned by the decedent and to which the residue of the decedent's estate will pass under the decedent's will.

No penalty for underpayment of estimated income tax is due if:

- you are a first-year resident trust or estate;
- your tax for the current year less any amounts withheld is less than \$500\*;
- the tax liability for the tax year is less than \$500\*, or
- you are a full-year New Mexico resident trust or estate whose previous tax year was a tax year of 12 months, and you owed zero tax for the preceding tax year.

\*New: For tax years beginning on or after January 1, 2012, the penalty for underpayment of estimated tax is not applied if the difference between the tax for the current year, less amounts withheld, is under \$1,000.

An equal amount of the tax withheld shall be considered as paid on each installment due date unless the taxpayer established the dates on which

all amounts were actually withheld. This provision may be applied separately to wage and pension withholding and any other amounts withheld under the Withholding Tax Act.

### HOW MUCH ESTIMATED TAX SHOULD BE PAID?

To calculate how much estimated tax should be paid, you must first determine the "**required annual payment**" or the total amount of estimated tax to be paid during the tax year. Once you have determined the required annual payment, then determine the amount and timing for each estimated installment tax payment.

**What is the required annual payment?** The required annual payment is the lesser of:

1. 90% of the tax shown on the current year return (or the tax for the year, if no return is filed), or
2. 100% of the tax shown on the prior year return, provided a return was filed and the prior year was a full 12-month year.

### WHAT IS THE AMOUNT OF THE ESTIMATED INSTALLMENT PAYMENTS AND WHEN ARE THEY DUE?

Generally, four equal installments of the "required annual payment" are due on or before the 15th day of the fourth, sixth, and ninth months of the tax year and the first month following the tax year. For calendar-year taxpayers those dates are:

April 15, June 15  
September 15, January 15

If any due date for making an estimated payment falls on a Saturday, Sunday, state or national legal holiday, the estimated payment is filed timely if the postmark bears the date of the next business day. Delivery through a private delivery service is considered timely if the date recorded or marked by the private delivery service is on or before the required mailing date.

### SPECIAL RULES APPLY TO CERTAIN TRUSTS OR ESTATES.

There are exceptions to the general rules for determining the timing and amount of each estimated installment payment and for determining receipt of estimated payments. Each exception is described below under *Alternative Methods* for calculation of estimated income tax. Trusts and estates electing to calculate the underpayment penalty using one of these alternative methods must complete question D at the top page 1, FID-1. You need to complete this line *only* if you have elected to use an alternative method for computing estimated tax due. Also see the instructions for completing question D.

**ALTERNATIVE METHODS** for calculation of estimated income tax.

**Annualized income.** Trusts and estates with seasonal income can use a modified annualization method to determine the amount and timing of their estimated payments. If a taxpayer does not have annualized income based on actual income received through March 31 sufficient to cause a required payment, then no payment is required. The test dates for subsequent payments are May 31, August 31 and December 31. Based on actual income received, if an estate or trust is not required to make a payment for a specific period, the trust or estate may have to make up later in the year for not paying the earlier installment.

**Farm and Ranch income.** The law provides a special rule, identical to the federal rule, for a trust or estate when at least two-thirds of GROSS income is from farming or ranching in the prior year. A trust or estate that meets the gross income test may:

- make one estimated payment in the amount of the "required annual payment" on or before January 15 of the year following the tax year of the return, or
- file and pay in full on or before March 1 of the year following the

tax year of the return.

**Trusts or estates who wish to compute estimated installment payments based on the actual dates on which all amounts of withholding tax were withheld for the applicable tax year.** The New Mexico income tax deducted and withheld by an employer is a payment of estimated tax. An equal amount of the tax withheld shall be considered as paid on each installment due date unless the taxpayer establishes the date on which all amounts were actually withheld. This provision may be applied separately to wage and pension withholding and other amounts withheld under the Withholding Tax Act.

**HOW DO I CALCULATE PENALTY FOR UNDERPAYMENT OR NONPAYMENT OF ESTIMATED TAX?**

Once you have determined the timing and amount of each estimated installment payment, calculate your underpayment. Underpayment or nonpayment of estimated tax is subject to penalty on the difference between the estimated tax payment made and the amount of estimated tax computed to be due. Penalty accumulates from the due date of the estimated tax payment until the earlier of:

1. the date the payment is made, or
2. the 15th day of the fourth month following the close of the tax year.

New Mexico calculates penalty on underpayment of estimated tax at the rate established for individual income tax purposes by the U.S. Internal Revenue Code (IRC)\*, computed on a daily basis. The penalty is the daily interest rate for the quarter of the unpaid estimated payment due for each day the payment is late. The formula for calculating daily penalty is:

$$\begin{aligned} &\text{Tax due} \times \text{the daily interest rate for} \\ &\quad \text{the quarter} \times \text{number of days} \\ &\quad \text{late} = \text{penalty due.} \end{aligned}$$

\*Beginning January 1, 2008, interest is computed on a daily basis, at the rate established for individual income tax purposes by the U.S. Internal Revenue Code (IRC). Prior to that date, interest accrued at the statutory rate of 15% per year, computed on a daily basis.

The IRC rate changes quarterly. The IRC rate for each quarter is announced by the Internal Revenue Service in the last month of the previous quarter. The annual and daily interest rate for each quarter will be posted on our web site at [www.tax.newmexico.gov](http://www.tax.newmexico.gov).

No penalty will be imposed on the fourth estimated payment if the taxpayer files a return and pays the full amount due on or before January 31 following the close of the tax year.

If the balance due is \$500\* or more, the Department first determines if the required annual payment was made. If it was, no penalty is assessed. If it was not, the Department will calculate the underpayment penalty and issue an assessment. The amount of the assessment can be protested and additional information provided if you believe the assessment is in error.

\*New: For tax years beginning on or after January 1, 2012, the penalty for underpayment of estimated tax is not applied if the difference between the tax for the current year, less amounts withheld, is under \$1,000.

**COMPLETING THE FID-ES FORM.**

Please type or print all entries in blue or black ink. Do not use pencil. Enter the tax year end for which you are making the estimated payment, e.g. 12/31/2011. Please mark the appropriate box for the period to which the

estimated payment applies. If the trust or estate is a fiscal-year filer, mark the box for the appropriate comparable period. For example, if the trust has a September 30 year end, the first estimated payment is due on the fifteenth day of the fourth month or January 15. The comparable payment date for a calendar-year trust or estate is 1st quarter, April 15. Mark that box. Enter the identifying information for the trust or estate where indicated. Enter the amount of payment remitted with the FID-ES Form.

NOTE: When printing a payment voucher from the Internet, the printer setting "Page Scaling" should be set to 'none' to prevent resizing. The payment vouchers are processed through high-speed scanners, so it is important that you do not cut or resize the bottom portion of the payment voucher in any way. If your payment voucher has a scanline printed on it, do not write in the area around the scanline. A scanline is located within the bottom 1 -1/2 inch of the voucher.

**WHERE TO FILE.**

Mail the completed FID-ES form with your check or money order to:

**New Mexico Taxation and Revenue Department  
Attn: 2011 FID-ES  
P.O. Box 25127  
Santa Fe, NM 87504-5127.**

Please write the federal identification number of the trust or estate and "2011 FID-ES" on the check or money order made payable to New Mexico Taxation and Revenue Department. Please do not mail cash. Please DONOT combine a payment of estimated tax with any other payment.

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# New Mexico Taxpayer Bill of Rights

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Most tax transactions happen without incident. In an imperfect world, however, occasional disagreements occur through misunderstanding, mathematical error, missed deadlines, misplaced papers, high volume of transactions and many other situations. Over the years the Legislature and the Department have established ways to handle difficulties according to the provisions of the state tax code. Following are some of your rights. Should you wish to consult the law itself, you will find it in Sections 7-1-4.1 through 4.3 NMSA 1978:

- The right to available public information and prompt and courteous tax assistance;
- The right to representation and advice by counsel or other qualified representatives at any time during your interactions with us according to provisions of Section 7-1-24 NMSA 1978;
- The right to have audits, inspections of records and meetings conducted at a reasonable time and place according to Sec. 7-1-11 NMSA 1978;
- The right to simple, nontechnical information explaining procedures, remedies and rights during audit, protest and collection proceedings under the Tax Administration Act;
- The right to receive an explanation of audit results and the basis for audits, assessments or denials of refunds that identify tax, interest or penalty due;
- The right to seek review through formal or informal proceedings of findings or unfavorable decisions arising from determinations during audit or protest procedures according to Sec. 7-1-24 NMSA 1978;
- The right to have your tax information kept confidential unless otherwise specified by law in Sec. 7-1-8 NMSA 1978;
- The right to an abatement of an assessment of taxes incorrectly, erroneously or illegally made (Sec.

7-1-28 NMSA 1978) and a right to seek a compromise of an asserted tax liability. When the Secretary of Taxation and Revenue in good faith doubts that you owe us what we claim you owe, you also have the right to seek a compromise if one exists in your particular case (Sec. 7-1-20 NMSA 1978);

- The right to clear information of the consequences if a tax assessment is not paid, secured, protested or otherwise provided for according to Sec. 7-1-16 NMSA 1978. If you become a delinquent taxpayer, upon notice of delinquency you have the right to timely notice of collection actions that require sale or seizure of your property under the Tax Administration Act, and
- The right to pay your tax obligations by installment payment agreements according to the provisions of Sec. 7-1-21 NMSA 1978).

## Confidentiality Provisions:

Statutes regulating the confidentiality of your taxes continue to be strict. Sec. 7-1-8 NMSA 1978 requires the department to answer questions about whether a taxpayer is registered to do business in this state or is registered for other tax programs, but it does not allow employees to reveal whether you have filed a return. A hearing officer's written ruling on questions of evidence or procedure according to Sec. 7-1-24 NMSA 1978 may be made public, but not the name and identification number of the taxpayer requesting the ruling. Now included in public record are the monthly gasoline tax reports of numbers of gallons of gasoline and ethanol-blended fuels received and deducted, and the tax paid by each filer or payer of the tax. Identities of rack operators, importers, blenders, suppliers or distributors and the number of gallons of gasoline and other fuels are public record. The department may make known to the Gaming Control Board the tax returns of license applicants and their affiliates.

## Audit Provisions:

We must provide you with written, dated notice that an audit is about to begin on a specific date, and the notice must tell you which tax programs and reporting periods will be covered. We must issue a second notice, which states any outstanding records or books of account requested and not yet received, between 60 and 180 days after the audit begins. If you do not produce the records within 90 days, the department can issue an assessment of tax on the basis of the information as it stands. If you need additional time, you must submit a specific request in writing. Interest on outstanding liabilities accrues if the department does not issue an assessment within 180 days of the notice of outstanding records or books, or within 90 days after time has expired under your request for additional time; however, you are entitled to an abatement of interest for the period of time after you have complied with department requests and the department has not acted on the audit.

## Administrative Hearing Procedures:

A department hearing officer may not engage as an employee in enforcing or formulating general tax policy other than to conduct hearings. You may request the Secretary to determine if a hearing officer's activities have affected his or her impartiality, and the Secretary may assign the case to another hearing officer. Hearing officers may not communicate unilaterally about a matter you have protested while that matter is still pending. The Secretary may appoint another hearing officer if that occurs. You may request a written ruling on any contested question of evidence in matters in which you have filed a pending written protest. You also may request that two or more protests on related issues be combined and heard jointly, and the hearing officer shall grant the request unless it creates an unreasonable burden on the department.

**Credit Claims:**

The department has 180 days from the filing date to approve or deny a statutory tax credit. If it does not act, the credit is approved. The Secretary decides whether a refund of tax due you may be offset against your other tax liabilities, and you will receive notice that the refund will be made accordingly. You are entitled to interest until the tax liability is credited with the refund amount. Please see the paragraph above on "Audit Provisions" for interest due you if the department does not offset a refund or credit against your other tax liabilities within the prescribed time. The department may make a direct refund of overpaid

taxes to the taxpayer without requiring the taxpayer to file a refund claim. The department does not have to pay interest on credits or refunds if it applies the amount to a tax interception program, to an estimated payment, or to offset prior liabilities of the taxpayer.

**Awarding of Costs and Fees:**

If you prevail in an administrative or court proceeding brought by you or against you after July 1, 2003, under the Tax Administration Act, you will receive a judgment or a settlement for reasonable administrative costs connected to the action.

**Penalty:**

The department may not assess penalty against you if you fail to pay tax when due because of a mistake of law made in good faith and on reasonable grounds. If the Secretary determines that it is unfair to hold a spouse or former spouse liable for payment of unpaid taxes, the Secretary may decline to take action against the spouse or former spouse of the person who actually owes the tax. In extreme cases of delinquency under Sec. 7-1-53 the department may enjoin a taxpayer from continuing in business after a hearing and until the delinquency is cleared.